

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Mariposa on Second, located at 46 S. Second Street in Alhambra, requested and is being recommended for a reservation of \$1,165,850 in annual federal tax credits and \$8,742,568 in total state tax credits to finance the new construction of 49 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Alhambra Second Street LP and will be located in Senate District 22 and Assembly District 49.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-635

Project Name Mariposa on Second
Site Address: 46 S. Second Street
Alhambra, CA 91801
County: Los Angeles
Census Tract: 4810.01

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,165,850	\$8,742,568
Recommended:	\$1,165,850	\$8,742,568

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Alhambra Second Street LP
Contact: Milo Peinemann
Address: 15161 Jackson Street
Midway City, CA 92655
Phone: (714) 897-3221
Email: milo@afhusa.org

General Partner(s) or Principal Owner(s): AFH Alhambra LLC
NCRC Mariposa LLC

General Partner Type: Nonprofit

Parent Company(ies): American Family Housing
National Community Renaissance of California

Developer: Alhambra Second Street LP

Bond Issuer: Los Angeles County Development Authority

Investor/Consultant: Merrit Community Capital

Management Agent: National Community Renaissance of California

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 50
 No. / % of Low Income Units: 49 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based vouchers
 (25 units - 51%)

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 CTCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	25	51%
50% AMI:	24	49%

Unit Mix

30 1-Bedroom Units
20 2-Bedroom Units
<u>50 Total Units</u>

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
15 1 Bedroom	30%	\$670
10 2 Bedrooms	30%	\$804
15 1 Bedroom	50%	\$1,116
9 2 Bedrooms	50%	\$1,340
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,435,454
Construction Costs	\$20,215,153
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,629,458
Soft Cost Contingency	\$236,598
Relocation	\$0
Architectural/Engineering	\$1,265,920
Const. Interest, Perm. Financing	\$2,181,892
Legal Fees	\$115,000
Reserves	\$199,915
Other Costs	\$883,857
Developer Fee	\$3,800,000
Commercial Costs	\$2,497,350
Total	\$35,460,597

Residential

Construction Cost Per Square Foot:	\$496
Per Unit Cost:	\$659,265
True Cash Per Unit Cost*:	\$611,497

Construction Financing

Source	Amount
Citibank	\$18,326,070
CitiBank/LACDA - Taxable Bond	\$1,402,344
City of Alhambra	\$2,800,000
Seller Carryback	\$1,830,000
City of Alhambra Predevelopment	\$1,200,000
LACDA - AHTF	\$3,792,250
Cost Deferred until Conversion	\$275,065
Deferred Developer Fee	\$2,574,439
Tax Credit Equity	\$3,284,868

Permanent Financing

Source	Amount
Citibank - Tax Exempt	\$5,762,819
City of Alhambra	\$2,800,000
Seller Carryback	\$1,830,000
City of Alhambra	\$1,200,000
LACDA - AHTF	\$3,850,000
SGVRHT	\$1,000,000
Deferred Developer Fee	\$739,323
General Partner Contribution	\$1,295,954
General Partner Equity	\$100
Tax Credit Equity	\$16,982,401
TOTAL	\$35,460,597

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$29,146,260
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$29,146,260
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,165,850
Total State Credit:	\$8,742,568
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,800,000
Investor/Consultant:	Merrit Community Capital
Federal Tax Credit Factor:	\$0.86799
State Tax Credit Factor:	\$0.78500

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.